

Message Text

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TAGS: BEXP, YO

SUBJECT: FY-78 COUNTRY COMMERCIAL PROGRAM REVIEW - SECOND QUARTER

SUMMARY: HIGHLIGHTS OF SECOND QUARTER INCLUDE EXIMBANK DELEGATION VISIT, SALE OF WIDE-BODIED AIRCRAFT, CONTINUED MOMENTUM ON FOOD PROCESSING AND PACKAGING CAMPAIGN, MARKET RESEARCH IN CHEMICAL SECTOR AND ADDITIONAL--BUT STILL INSUFFICIENT-WORK ON MAJOR PRODUCT AND PROJECT OPPORTUNITIES. PERSONNEL SHORTAGES, WHICH WILL CONTINUE IN NEXT QUARTER, CONTINUE TO HANDICAP OPERATIONS. MISSION'S ACTIVITIES NEXT QUARTER WILL BE CONCENTRATED ON NOVI SAD EXHIBIT, U.S./ YUGOSLAV ECONOMIC COUNCIL MEETING, RECRUITMENT OF U.S. PARTICIPANTS FOR ZAGREB FAIR, AND HEAVY SCHEDULE OF VISITORS. END SUMMARY.

1. EXIMBANK VISIT: HIGHLY WORTHWHILE TWO-WEEK VISIT OF EXIMBANK DELEGATION IN MARCH GENERATED VALUABLE INFORMATION ON YUGOSLAV ECONOMIC TRENDS, DEVELOPMENT PLANS, NEW LAWS AND REGULATIONS AFFECTING FOREIGN TRADE AND MAJOR PROJECT OPPORTUNITIES. YUGOSLAV BANKS AND ENTERPRISES WERE FAVORABLY IMPRESSED WITH CHANGES IN EXIMBANK PROGRAMS WHICH THEY INDICATED WOULD INDUCE THEM TO GIVE NEW CONSIDERATION TO PLACING MAJOR ORDERS IN THE U.S. STILL TO BE RESOLVED, HOWEVER, IS YUGOSLAV LIMITED OFFICIAL USE

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REQUEST TO MODIFY CURRENT YUGOSLAV SUPER-GUARANTEES PROCEDURE FOR EXIMBANK FINANCING.

2. FOOD PROCESSING AND PACKAGING CAMPAIGN: USDOC TEAM ARRIVED IN MID-MARCH TO PREPARE FOR NOVI SAD EXHIBIT IN MAY. EMBASSY SUPPORT FOR THE CAMPAIGN INCLUDING EXHIBIT CONTINUES HEAVY BUT INITIAL YUGOSLAV REACTION INDICATES THAT EFFORT WILL BE

WORTHWHILE. DEPARTMENT OF LABOR SEMINAR ON PRODUCTIVITY IN THIS SECTOR PROVIDED USEFUL SUPPORT TO OUR PROMOTIONAL EFFORT. MAJOR U.S. EXPORT OPPORTUNITIES ABOUND.

3. MAJOR PROJECT/ PRODUCT OPPORTUNITIES: AFTER CONSIDERABLE NEGOTIATION AND INTENSIVE COMPETITION AMONG U.S. SUPPLIERS, BOEING LANDED CONTRACT FOR WIDE-BODIED AIRCRAFT. IN A DIFFERENT SECTOR MEMBERS OF THE NATIONAL MACHINE TOOL BUILDERS ASSOCIATION (NMTBA), CONTINUING MARKET EFFORT ORIGINALLY STIMULATED BY USDOC TECHNICAL SALES SEMINAR, MOVED TOWARD CONCLUSION OF FIVE MILLION DOLLAR CONTRACT. IN THE POWER SECTOR U.S. TURBO GENERATOR AND BOILER MANUFACTURERS ASSISTED BY EMBASSY COMMERCIAL INTELLIGENCE HAVE CONCLUDED THAT MAJOR KOSTOLAC CONTRACT APPEARS SLATED FOR THE EASTERN EUROPEANS BUT THAT THEY STAND EXCELLENT PROSPECTS TO COMPETE FOR 600 MEGAWATT TUZLA CONTRACT TO BE AWARDED LATER THIS YEAR OR EARLY 1978. VOLUME OF MISSION REPORTING ON OTHER MAJOR OPPORTUNITIES INCREASED SOMEWHAT BUT REPORTS CONSISTED PRINCIPALLY OF REACTION TO TENDERS. PERSONNEL SHORTAGES HAVE PRECLUDED MORE THAN THIS REACTIVE ACTIVITY.

4. VOLUNTARY MARKET STUDY ON CHEMICAL SECTOR ESTABLISHED SOUNDNESS OF DECISION TO SCHEDULE TECHNICAL SALES SEMINAR ON CHEMICAL PROCESSING AND TECHNOLOGY FOR NOVEMBER. IT IS ANTICIPATED THAT YUGOSLAV TECHNICAL PLAN WILL REQUIRE CONTRACTING FOR 500 MILLION DOLLARS FOR FOREIGN EQUIPMENT, KNOW-HOW AND ENGINEERING BEFORE 1980.

5. OUTLOOK: NEXT QUARTER WILL CONTINUE TO BE HECTIC WITH LIMITED OFFICIAL USE

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THE NOVI SAD EXHIBIT AND SUPPORT FOR THE JUNE MEETING OF THE U.S. RECRUITMENT FOR ZAGREB FAIR AND HEAVY SCHEDULE OF VISITORS /YUGOSLAV ECONOMIC COUNCIL/ OCCUPYING MUCH EFFORT. NEVERTHELESS, THE EMBASSY HOPES TO BE ABLE TO TRANSLATE AND PROVIDE ANALYTICAL REPORTING ON THREE RECENTLY-PASSED PIECES OF LEGISLATION ON FOREIGN TRADE, FOREIGN EXCHANGE AND CREDIT, AND YUGOSLAV BUSINESS OPERATIONS ABROAD. ALSO DUE FOR IMMINENT ENACTMENT ARE CHANGES IN FOREIGN INVESTMENT LEGISLATION AND PROVISIONS ON INDUSTRIAL COOPERATION. WE DOUBT, UNFORTUNATELY, THAT WE WILL BE ABLE TO FOLLOW UP ON MAJOR PROJECT OPPORTUNITIES SIGNALLED TO EXIMBANK DELEGATION. YORK

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